

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

IN RE:

**SKYPORT GLOBAL
COMMUNICATIONS, INC.,**

DEBTOR

§
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§
§
§

CASE NO. 08-36737-H4-11

Chapter 11

**MOTION FOR FINAL APPROVAL OF SECURED DEBTOR IN POSSESSION POST
PETITION FINANCING AND REQUEST FINAL HEARING**

THIS MOTION SEEKS AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THE MOTION, YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOU MUST FILE AND SERVE YOUR RESPONSE WITHIN 15 DAYS OF THE DATE THIS WAS SERVED ON YOU. YOUR RESPONSE MUST STATE WHY THE MOTION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WITHOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THE MOTION AND HAVE NOT REACHED AN AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE MOTION AT THE HEARING.

REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEYS.

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

The Debtor files this *Motion for Final Approval Of Secured Debtor In Possession Post-Petition Financing Pursuant To Bankruptcy Code Section 364 and Request for Final Hearing* (the "Motion"), and states as follows.

Introduction

1. This Chapter 11 case was filed on October 24, 2008. The primary factor which precipitated the filing on that date was the Debtor's contract with Intelsat, its primary satellite supplier, to whom the Debtor has past-due invoices of approximately \$1.2 million.

2. Prior to the filing of this Motion, the Debtor filed an emergency motion for use of cash collateral. However, the Debtor is concerned that the amount of cash collateral currently available will not be sufficient to fund operations in the near term. See cash collateral budget attached as Exhibit "A".

Jurisdiction and Venue

3. This Court has jurisdiction over these cases pursuant to 28 U.S.C. § § 157, 1334.

4. This is a core proceeding under 28 U.S.C. § 157(b)(2)(D).

5. Venue of the Debtor's Chapter 11 case is proper in this district pursuant to 28 U.S.C. §§ 1409.

Background

6. This Chapter 11 bankruptcy case was filed on October 24, 2008 ("Petition Date") under Chapter 11 of Title 11 of the Bankruptcy Code, 11 U.S.C. §§101 et sq. (the "Bankruptcy Code"). The Debtor continues to operate its business and manage its property as a debtor-in-possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in the Debtor's bankruptcy case and no official committee of unsecured creditors has been established yet.

7. There are three lenders claiming security interests in accounts receivable and related assets, Balaton Group, L.P. ("Balaton"), CenturyTel, Inc. ("CenturyTel"), and AEGIS Texas Venture Fund, LP ("Aegis").

8. SkyPort is a satellite communications company, bandwidth reseller and services provider, providing broadband satellite data communications across the globe. Debtor specializes in geographically remote markets for such entities as FEMA and the National Guard.

9. To accomplish this, the Debtor leases bulk bandwidth from satellite operating companies, combines it with a sophisticated information technology and encryption and then resells secure data communication in smaller quantities.

10. SkyPort was founded in 1999 and is located in Houston, Texas. SkyPort employs approximately 24 full time employees including technicians, satellite company experts, receptionists and other necessary support staff. The Debtor also operates a facility in Reston, Virginia.

11. SkyPort delivers high quality voice, Internet, fax, and other services to its disaster recovery, emergency management, onshore, and offshore oil industry, and international clients. Many locations are remote, where equivalent services are either unavailable or would require an extraordinary amount of time to deliver. The Debtor's secured and encrypted data facility at Ellington Field in Clear Lake, Texas is crucial for the Debtor's operations and is guarded.

12. SkyPort has a viable business. It owes Intelsat, its primary satellite supplier on past-due invoices approximately \$1.2 million. The Debtor was unable to obtain reasonable repayment terms and Intelsat threatened to shut off the Debtor's access to the satellite. Such a termination would end the Debtor's business and prevent the Debtor from collecting current accounts receivable of approximately \$880,000.

13. The Debtor was originally capitalized by a secured debenture offering of \$24 Million with CenturyTel as the indenture trustee. In 2005, the Debtor filed a petition under Chapter 11 of the Bankruptcy Code due to its unfavorable contract with Intelsat.

14. Balaton became the secured superpriority DIP lender in the 2005 bankruptcy case. Balaton also purchased the CenturyTel debentures and converted most of them to equity and took control of the remaining debt. Balaton is the Debtor's majority shareholder.

15. By using the Balaton DIP Loan, the Debtor agreed to payment arrangements with all of its unsecured creditors and the 2005 bankruptcy was dismissed by agreement.

16. Because the bankruptcy was dismissed in lieu of a plan, the Debtor's original satellite contract with Intelsat continued to be an albatross. The Debtor's agreement with Intelsat to provide satellite bandwidth was so large that the bandwidth could not be re-sold at the rate the Debtor had acquired it. The Debtor repeatedly pleaded with Intelsat to renegotiate or reduce the bandwidth contract. Intelsat, a Bermuda-based concern with gross revenue believed in excess of \$1 Billion was unwilling to renegotiate the contract with the Debtor on terms that would allow the Debtor to cash flow positively.

17. As stated above, the DIP Financing is necessary to assist with funding ongoing operating costs. Certain shareholders of Balaton (the "Lenders") are willing to provide a DIP Loan Facility in the amount of \$800,000.

18. The material terms of the DIP Financing Agreement are as follows:

Amount: \$800,000

Interest: Floating Wall Street Prime plus 4% computed annually

Maturity Date: The earlier of Plan Confirmation or May 1, 2009

Collateral: Superpriority security interest under 11 U.S.C. § 364 in all of the Debtors' estates' property, whether tangible or intangible, now existing or hereafter arising, and all accessions and additions thereto and all products and proceeds thereof other than equipment which is already encumbered by a first lien in favor of another lender.

Priority Treatment: Superpriority administrative expense under 11 U.S.C. § 364(c)(1) over all administrative expenses or charges against property of the kind specified in 11 U.S.C. § 503(b), 506(c), 507(a) and 507(b), whether arising in the Debtor's Chapter 11 case or in any superseding Chapter 7 case, subject to a carve out of \$100,000 to pay the Debtor's attorneys' fees and expenses allowed by the Court.

19. The Debtor believes that it has a business justification for entering into the Note in order to ensure that future operations are fully funded.

Relief Requested

20. Lenders are ready, willing and able to advance up to \$800,000 USD on the terms set forth above. The Court, however, must authorize the loan since it is outside of the ordinary course of business under 11 U.S.C. §364(b) and requires granting of super priority lien.

21. The Debtor is unable to obtain alternative financing on reasonable terms with such short notice.

22. Thus, the Debtor asks for this Court to authorize the Debtor to obtain up to \$800,000 USD in credit on a final basis from lenders which will be entitled to priority set forth above.

DIP Financing Legal Standard

23. This Motion seeks relief under section 364(c) and (d) of the Bankruptcy Code. Section 364 reads, in relevant part:

(c) If the trustee is unable to obtain unsecured credit allowable under section 503(b)(1) of this title as an administrative expense, the court, after notice and a hearing, may authorize the obtaining of credit or the incurring of debt

(1) with priority over any or all administrative expenses of the kind specified in section 503(b) or 507(b) of this title;

(2) secured by a lien on property of the estate that is not otherwise subject to a lien; or

(3) secured by a junior lien on property of the estate that is subject to a lien.

(d) (1) The court, after notice and a hearing, may authorize the obtaining of credit or the incurring of debt secured by a senior or equal lien on property of the estate that is subject to a lien only if

(A) the trustee is unable to obtain such credit otherwise; and

(B) there is adequate protection of the interest of the holder of the lien on the property of the estate on which such senior or equal lien is proposed to be granted.

(2) In any hearing under this subsection, the trustee has the burden of proof on the issue of adequate protection.

11 U.S.C. §364(c)-(d).

24. The standard of Section 364 is met because the Debtor is unable to obtain credit that is not secured by a superpriority lien.

25. Balaton and CenturyTel have agreed to subordination of their liens to the DIP Financing Agreement. At the time of the filing of this motion, Aegis has been requested to subordinate. The DIP Financing Agreement is on favorable financing terms, and will enable the Estate to continue to operate and effectuate a plan of reorganization.

26. Bankruptcy Rule 4001 states that 15 days' notice must be given before final approval of such financing is given.

27. The Debtor requires court approval to enter into the Note. There is little harm to general unsecured creditors under this agreement since Balaton, along with the other two secured lenders, has a first lien on substantially all of the Debtor's assets. Thus, if the Debtor cannot fund operations, it will have to cease operating and there will be nothing left for unsecured creditors.

WHEREFORE, PREMISES CONSIDERED, the Debtor asks that the Court set a final hearing, and that the Court grant such other and further relief to which the Movant may show itself entitled.

DATED: October 27, 2008

Respectfully submitted,

WEYCER, KAPLAN, PULASKI & ZUBER, P.C.

By: /s/ Edward L. Rothberg
Edward L. Rothberg
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Hugh M. Ray, III
Texas Bar No. 24004246
Eleven Greenway Plaza, Suite 1400
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Telephone: (713) 961-9045
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ATTORNEYS FOR THE DEBTOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing Motion has been served via the ECF system, facsimile or first class mail postage prepaid on October 29, 2008, to the parties shown on the Service List attached.

/s/ Edward L. Rothberg
EDWARD L. ROTHBERG

EXHIBIT "A"



	120 Day Projection								
	15 Day								
	Comment	1-Nov	15-Nov	1-Dec	15-Dec	1-Jan	15-Jan	1-Feb	120 Day Total
Cash Receipts		380,596		601,801	-	390,649	-	2,190,695	1,763,741
Service Receivables (D Tab		380,596		601,801		390,649		390,695	1,763,741
One-Time Receivables (MACD, Equipment'								1,800,000	
Operating Cash Disbursements:									
Satellite Capacity (A Tab)		-	402,927	402,927	-	365,512	-	305,512	1,476,878
Echostar			45,000	45,000		75,000		110,000	275,000
Intelsat			227,001	227,001		175,000		80,000	709,002
SES Americom, Inc.			2,850	2,850		2,850		2,850	11,400
SES New Skies			38,000	38,000		38,000		38,000	152,000
Space Connection			27,174	27,174		11,760		11,760	77,868
GSI (Globecommm)			34,676	34,676		34,676		34,676	138,704
Lyman Brothers (LBI Sat)			28,226	28,226		28,226		28,226	112,904
Terrestrial Services (B Tab)		46,750	-	46,750	-	46,750	-	46,750	187,000
Alpheus Internet		3,500		3,500		3,500		3,500	14,000
Alpheus Fiber		25,000		25,000		25,000		25,000	100,000
Paetec Internet (McCleod)		3,650		3,650		3,650		3,650	14,600
XO Communications PRI & Voice		7,500		7,500		7,500		7,500	30,000
MediSat Teleport		5,500		5,500		5,500		5,500	22,000
Intrado (E911)		1,500		1,500		1,500		1,500	6,000
RIPE (IP Addr)		100		100		100		100	400
EFT Facility Costs		11,200	25,973	56,932	-	56,682	-	55,912	206,699
Reliant Energy (Utilities)			13,000	13,000		13,000		13,000	52,000
Farnum Street Financial (Equip Lease)			9,466	9,466		9,466		9,446	37,844
Pasadena ISD (Taxes)		-		-		-		-	-
USA.net (IT)		1,000		1,000		750		-	2,750
Verizon (Cell Phone)		3,500		3,500		3,500		3,500	14,000
Houston Airport System-City of Houston (Lease)			3,507	3,507		3,507		3,507	14,028
Premiere Global Services (Conf Call Svc)		500		500		500		500	2,000
Compucom (Labor & Equipment Lease)		-		4,100		4,100		4,100	12,300
iDirect Hubs (Equipment Lease)		-		15,659		15,659		15,659	46,977
Grounds Maint		300		300		300		300	1,200
B&T Janitorial (Cleaning)		750		750		750		750	3,000
Waste Mgt		135		135		135		135	540
Insurance		1,000		1,000		1,000		1,000	4,000
Johnson Controls (Security & Systems)		2,500		2,500		2,500		2,500	10,000
General Supplies		1,000		1,000		1,000		1,000	4,000
AT&T (Landline)		50		50		50		50	200
Mobil Mini (Storage Units)		315		315		315		315	1,260
City of Houston (Water)		150		150		150		150	600
Reston Facility Costs		7,500	11,500	19,000	-	18,750	-	18,500	75,250
Sunrise Properties (Lease)			11,500	11,500		11,500		11,500	46,000
Utilities		1,000		1,000		1,000		1,000	4,000
AON Risk Services (Insurance)		4,000		4,000		4,000		4,000	16,000
USA.NET, Inc (Lavell)		500		500		250			1,250
Verizon (Internet, VoIP, Fax)		1,500		1,500		1,500		1,500	6,000
General Supplies		500		500		500		500	2,000
Payroll, Contract Labor, T&E (C Tab)		126,625	126,476	140,207	107,707	144,207	105,707	148,207	899,137

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B

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Salary	Pat Brant	CEO	12,750	12,750	12,750	12,750	12,750	12,750	12,750	89,250	
	Brian Skimmons	COO	7,917	7,917	7,917	7,917	7,917	7,917	7,917	55,419	
	Jim Vedder	Controller	7,708	7,708	7,708	7,708	7,708	7,708	7,708	53,956	
	Douglas Whitworth	Acctg - Finance	4,704	4,704	4,704	4,704	4,704	4,704	4,704	32,928	
	Bob Hsu	VP Sales & Bus Dev	6,875	6,875	6,875	6,875	6,875	6,875	6,875	48,125	
	Greg Johnson	Director of Sales	4,042	4,042	4,042	4,042	4,042	4,042	4,042	28,294	
	Rick Davis	Director of Sales	5,000	5,000	-	-	-	-	-	10,000	
	Richard Arias	Director of Sales	3,160	3,160	3,160	3,160	3,160	3,160	3,160	22,122	
	Andre Wallace	Sales Engineer	3,958	3,958	3,958	3,958	3,958	3,958	3,958	27,706	
	Pete Semenach	Product Management	5,833	5,833	5,833	5,833	5,833	5,833	5,833	40,831	
	Michael Thompson	Director of Programs	3,750	3,750	3,750	3,750	3,750	3,750	3,750	26,250	
	Bruce Dunlop	Program Management	3,030	-	-	-	-	-	-	3,030	
	Dan Murphy	Director of Teleport Ops	4,375	4,375	4,375	4,375	4,375	4,375	4,375	30,625	
	Beverly Stone	EFT Reception/Support	1,917	1,667	1,667	1,667	1,667	1,667	1,667	11,917	
	Pete Licce	NOC Supervisor	2,500	2,500	2,500	2,500	2,500	2,500	2,500	17,500	
	David Beck	Support Engineer	2,708	2,708	2,708	2,708	2,708	2,708	2,708	18,958	
	Erik Drake	IP Engineer	3,823	3,823	3,823	3,823	3,823	3,823	3,823	26,761	
	James Hansley	IP Engineer	3,519	3,519	3,519	3,519	3,519	3,519	3,519	24,633	
	Gil Hugely	RF/Teleport Engineer	3,401	3,401	3,401	3,401	3,401	3,401	3,401	23,807	
	Greg Reaves	IP/Hub Engineer	2,500	2,500	2,500	2,500	2,500	2,500	2,500	17,500	
	Hourly Staff	Brad Albright	NOC Tech	1,919	1,919	-	-	-	-	-	3,837
		James McClenny	NOC Tech	1,651	1,651	-	-	-	-	-	3,302
		Jesse Ayson	NOC Tech	2,384	2,384	-	-	-	-	-	4,769
		Jeff Myers	NOC Tech	1,794	1,794	-	-	-	-	-	3,588
		Beau Mourhead	NOC Tech	744	1,900	-	-	-	-	-	2,644
Payroll Taxes		7,800	7,638	6,517	6,517	6,517	6,517	6,517	48,023		
Benefits		-	19,000	-	16,000	-	14,000	-	49,000		
Commissions		16,862	-	16,000	-	15,000	-	14,000	61,862		
API Contract Labor (NOC)		-	-	15,000	-	20,000	-	25,000	60,000		
Tech Minders (IT)		-	-	2,500	-	2,500	-	2,500	7,500		
Travel & Expense		-	-	15,000	-	15,000	-	15,000	45,000		
Consultants and Professional Fees			4,000	6,167	11,167	-	31,667	-	28,167	81,168	
Deloitte & Touch (Auditing)			-		-		2,000	-	2,000		
Interdyn Progressive Group (Great Plains)			500		500		500	500	2,000		
Marcom			3,500		3,500		500	500	8,000		
CT Corp			-		-		1,500	-	1,500		
Oaklawn Services				6,167	6,167		6,167	6,167	24,668		
Weycer Kaplan Pulaski & Zuber							20,000	20,000	40,000		
Wilkinson, Barker, Knauer (FCC Counsel)					1,000		1,000	1,000	3,000		
Customer Equipment, Shipping, Field Svcs			-	30,000	-	-	-	-	30,000		
Costs Align w/ One-time revenue	ACS Signal Corp/Andrews								-		
	BIP (Unicom)								-		
	Unidentified Vendor										
	Mini Circuits			30,000					30,000		
	Graybar								-		
	MCS								-		
	iDirect, Inc.								-		
	Keypoint Services								-		
	United Services Source (Field Srvcs)								-		
	United Shipping Solutions (Shipping)								-		
Other Payables					-		-	-	-		
TBD									-		
Sub-total Operating Cash Expenses			190,075	605,045	676,985	107,707	665,566	105,707	605,046	2,950,152	

Operating Cash Flow		Case 3:08-cv-00737 Document 1-1 Filed 01/18/18 Page 12 of 32	Case 3:08-cv-00737 Document 1-1 Filed 01/18/18 Page 12 of 32	Case 3:08-cv-00737 Document 1-1 Filed 01/18/18 Page 12 of 32	Case 3:08-cv-00737 Document 1-1 Filed 01/18/18 Page 12 of 32
		18,521	(21,14)	(15,182)	(105,707)
Restructuring Costs & One-time Costs					1,587,647
Transition from Intelsat to Echostar					988,205
Customer Repoint					
Overlapping Capacity Cost (Dual Illumination)					
Contract Labor (API & Others)					
EFT Equipment Maintenance (Upgrade)					
Supplemental Equipment Lease (Short-term)					
Legal, Accounting, & Professional Fees					
TBD					
TBD					
Employee Reorganization Costs					
TBD					
Net Cash Req'd / (Excess)			(13,182)	(212,919)	1,587,647
					988,205

- A Compucom costs estimated based on following assumptions: \$175,000 on a 5-yr lease at an assumed interest rate of 14% p.a.
- B iDirect costs estimated based on the following assumptions: \$673,000 on a 5-yr lease at an assumed interest rate of 14% p.a.
- C \$1,500 per trip x two trips / month per person x 5 traveling employees.

MASTER SERVICE LIST
SkyPort Global Communications; Debtor
Case # 08-36737-H4-11

Skyport Global Communications, Inc.
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Houston, TX 77034

Harris County, et al.
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